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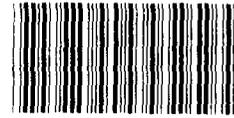
GAO

Briefing Report to the Chairman,
Subcommittee on Environmental
Protection, Committee on Environment
and Public Works, U.S. Senate

January 1988

RESOURCE PROTECTION

Using Gasoline Taxes to Fund the Nongame Act



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GAO/RCED-88-87BR

54114





United States
General Accounting Office
Washington, D.C. 20548

Resources, Community, and
Economic Development Division

B-229454

January 29, 1988

The Honorable George J. Mitchell
Chairman, Subcommittee on
Environmental Protection
Committee on Environment and
Public Works
United States Senate

Dear Mr. Chairman:

The Fish and Wildlife Conservation Act of 1980 (49 U.S.C. 2901 et seq.), sometimes referred to as the Nongame Act, authorizes a federal program to enhance and conserve fish and wildlife species not taken for sport, fur, or food (nongame species). Although the program is authorized, the Congress never appropriated any funds. In your July 23, 1987, letter, you asked us to analyze two potential funding sources.

This briefing report presents our analysis of the first potential funding source--federal gasoline taxes collected on fuel used in residential equipment such as lawnmowers, chain saws, and garden tractors. As agreed with your office, we will address the second potential funding source--income derived from sales of semipostal stamps by the U.S. Postal Service--in a second briefing report. (See GAO/RCED-88-88BR, Resource Protection: Using Semipostal Stamps to Fund the Nongame Act.)

Our objectives in this briefing report were to

- estimate the potential revenues that could be available from gasoline taxes and
- obtain the opinions of knowledgeable federal officials on the merits of using these revenues to fund nongame programs.

In estimating potential revenues, our analysis disclosed that no data on actual gasoline consumption by residential equipment has ever been collected by federal agencies. Largely on the basis of information developed by the Outdoor Power Equipment Institute, we estimate that such consumption is between 248 million and 563 million gallons a year. At current federal gasoline excise tax rates, these fuel purchases generate between \$21 million and \$48 million in tax revenues for the Highway Trust Fund.¹

Federal officials we spoke with had widely differing views on the merits of diverting these revenues to fund a nongame program. Officials in the Department of Transportation's Federal Highway Administration argue against the principle of taking money from the Highway Trust Fund for wildlife conservation, which they noted is unrelated to motor fuel use and the nation's highways. Conversely, officials in the Department of the Interior's Fish and Wildlife Service strongly support using this source of revenue to fund the program because it would provide significant and stable funds for state planning and program development. Treasury officials expressed no specific views on the merits of diverting the revenues, but offered suggestions on how to effectively administer a nongame trust fund, given the imprecise data on residential motor fuel consumption.

In conducting our work, we reviewed the legislative history and other materials relating to funding mechanisms under the Nongame Act. We also obtained statistical data on overall motor fuel consumption from the Federal Highway Administration, on outdoor power equipment consumption from the Institute, and on Highway Trust Fund revenue from the Department of the Treasury. We discussed the methodology and reliability of the Institute's outdoor power equipment gasoline consumption estimates with officials from the Treasury's Office of Tax Analysis, the Highway Administration's Highway Users and Funding Division, and the Consumer Product Safety Commission (for information on equipment lifespans and use). On the basis of these comments

¹Gasoline and other highway user excise taxes are deposited into the Highway Trust Fund to finance the federal share of constructing and operating the nation's highway system. Certain gasoline purchases, such as off-highway farm and business use, are exempt from the federal tax.

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and our own assessment, we made several adjustments to the Institute's rough estimate.

We also discussed the effects of diverting money from the Highway Trust Fund to a nongame wildlife conservation trust fund with officials from Treasury, the Federal Highway Administration, and the Fish and Wildlife Service. We included these officials' comments in this briefing report where appropriate. However, as requested by your office, we did not obtain official agency comments on a draft of this report.

As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this briefing report until 30 days from its issue date. At that time, we will send copies to the Secretaries of the Interior, Transportation, and the Treasury. Copies will be available to others on request. Major contributors to this report are listed in appendix I. Should you need further information, please contact me on (202) 275-7756.

Sincerely yours,


James Duffus III
Associate Director

SECTION 1
BACKGROUND ON THE
NONGAME ACT'S FUNDING OPTIONS

The Fish and Wildlife Conservation Act of 1980, known as the Nongame Act, authorizes the federal government to provide financial and technical assistance to the states for enhancing and protecting nongame fish and wildlife species. In its deliberations, the Congress found that existing fish and wildlife conservation programs have historically focused on the more recreationally and commercially important species. As a result, these programs are substantially financed by hunting and fishing license revenues or excise taxes on certain hunting and fishing equipment.¹

The Congress further found that these funding mechanisms were neither adequate nor appropriate to meet the conservation needs of fish and wildlife species that were not hunted, fished, or trapped--the so-called nongame species. According to the Fish and Wildlife Service (FWS) in the Department of the Interior, nongame species comprise 90 percent of the country's vertebrate animals. These species benefit many people--in 1980 about 93 million Americans enjoyed such wildlife through "nonconsumptive activities" such as observation, photography, or feeding. This compares with 53.8 million people who fished or hunted in 1980.

Through the Nongame Act, the Congress authorized the federal government to provide financial and technical assistance to the states to develop and implement programs for nongame fish and wildlife species. However, major questions arose during public hearings about how the federal government would fund such programs. While authorizing the program, the Congress did not appropriate funds, then or since, or establish an alternative funding mechanism. Instead, in section 12 of the act, the Congress directed FWS to study and report to the Congress on the most

¹The 1937 Pittman-Robertson Federal Aid in Wildlife Restoration Act, as amended, established a program for federal grants to states for restoring wild birds and mammals. The program is financed by an 11-percent excise tax on manufacturers and importers of sporting arms and ammunition and a 10-percent excise tax on bows, arrows, and handguns. The Dingell-Johnson Federal Aid in Sport Fish Restoration Act of 1951, as amended, similarly addresses the needs of sport fisheries. It is financed by a 10-percent excise tax on manufacturers and importers of fishing rods, reels, and other fishing tackle goods. Other money comes from duties on yachts and pleasure craft and part of the motorboat fuel tax.

equitable and effective mechanism for funding state programs. One of the mechanisms to be addressed in the study was excise taxes on appropriate items.

FWS' final report² examined 18 potential funding sources. The study emphasized excise taxes on wildlife- and recreation-related consumer goods because one of the important criteria for evaluating the sources was the relationship between the source of the money and benefits received from improving wildlife habitat and populations.³ The revenue potential estimate (in 1980 dollars) ranged from \$500,000 for excise taxes on wild bird houses to \$203 million for semipostal stamps.⁴ The study did not examine the use of federal gasoline excise taxes already being collected on motor fuel used for residential purposes.

The FWS study team solicited views on the funding options from the parties who would be potentially affected by them. Manufacturers, retailers, consumers, conservation and recreation organizations, and other parties had mixed reactions to the funding options. Generally, those groups that would most directly be affected by a particular proposed tax or fee strongly opposed them on economic and fairness grounds. Only 4 out of 18 funding sources received more favorable than negative responses: general fund appropriations, an excise tax on wildlife identification books, a volunteer tax checkoff, and semipostal stamps.

Although there was broad support among the commenters for federal and state nongame wildlife conservation programs, the ensuing controversy over FWS' analysis of various funding options has contributed to a continuing impasse over funding since then. The Subcommittee on Fisheries and Wildlife Conservation and the

²Potential Funding Sources to Implement the Fish and Wildlife Conservation Act of 1980, Fish and Wildlife Service, U.S. Department of the Interior for the Senate Committee on Environment and Public Works and the House Committee on Merchant Marine and Fisheries, Dec. 1984.

³Examples included taxes on wild bird products, camping and hiking equipment, off-road vehicles, and photography products.

⁴Semipostal stamps are special stamps bearing a surcharge. The extra revenue, thus generated, is generally earmarked for a specific charity or public program. Presently, the United States does not sell semipostal stamps.

Environment, House Committee on Merchant Marine and Fisheries, held hearings in April 1985 to address funding mechanisms for implementing the Nongame Act, but no action has been taken.

SECTION 2

INFORMATION ON THE HIGHWAY TRUST FUND

The Highway Revenue Act of 1956, as amended, allows revenue from motor fuel excise taxes and certain other taxes paid by highway users to be deposited into the Highway Trust Fund. The money pays for the federal share of constructing and operating the nation's highway system. In fiscal year 1986, about \$8.9 billion was deposited in the Highway Trust Fund from gasoline excise taxes. In addition, \$4.7 billion was deposited from other sources.¹ In 1986 motorists consumed about 107 billion gallons nationwide.

The Congress has recognized that not all gasoline purchased is used to operate highway vehicles; therefore, not all gasoline contributes to the wear and tear of the highway system. As a result, in many of these instances, the Congress has either exempted those uses from the tax (taxpayers must apply for a refund or credit) or diverted the tax receipts from the Highway Trust Fund to another fund. For example, no tax is imposed on gasoline used on a farm for farming purposes. In fiscal year 1986, \$170.6 million of the revenues collected was refunded for gasoline used for farm purposes.

Additionally, the Deficit Reduction Act of 1984 requires the Treasury Department to estimate the share of excise tax receipts from gasoline used by motorboats each year and to transfer that from the Highway Trust Fund to the Aquatic Resources Trust Fund (ARTF). ARTF supports state programs in recreational boat safety, marine and freshwater sport fishing projects, improved access to recreational boating waters, and aquatic resource education. For fiscal year 1987, Treasury estimated that 1.08 percent of taxable gasoline sales² would be from the sale of motorboat fuel. On this

¹Other sources include excise taxes on trucks, buses, and trailers; other motor fuels, tires used on highway vehicles, lubricating oils, and trucks.

²Between 1969 and 1986, the estimate that Treasury used was 0.75 percent. Because there was concern over the rate used to estimate the revenue allocation, in 1980 the Congress directed Treasury to conduct a study of the allocation rate. In 1986, the Treasury study determined that the percentage share should be increased to 1.08. (See GAO/GGD-87-43BR, Allocating Motorboat Fuel Excise Taxes to the Aquatic Resources Trust Fund.)

basis, Treasury estimated that \$104 million should be transferred to ARTF.

The Senate Environment and Public Works Committee is now considering a comparable diversion from the Highway Trust Fund to implement the federal role envisioned by the Nongame Act. Similar to ARTF, the share of excise taxes from motor fuels used for nonbusiness residential purposes, such as lawnmowing, would be used to support state nongame wildlife conservation programs. According to an FWS economist who worked on the 1984 study of funding mechanisms for the Nongame Act, the residential-use share of gasoline excise taxes would be a good choice because (1) the gasoline is consumed by nonhighway users and (2) there is a logical tie between outdoor residential maintenance and gardening and benefits to urban nongame wildlife species. The economist said that FWS did not include this in its 1984 study because no one thought of it.

SECTION 3

ESTIMATES OF MOTOR FUEL CONSUMED FOR RESIDENTIAL PURPOSES

Our review disclosed that no data on actual gasoline consumption by residential equipment has ever been collected by any federal agency. However, the Outdoor Power Equipment Institute (OPEI¹) estimated in July 1987 that 435 million gallons of gasoline are consumed each year by outdoor power equipment for residential use. After examining the methodology used to make this estimate, we made several changes to arrive at estimated consumption. First, we adjusted it to reflect nonhighway business use of gasoline by commercial lawn service firms, which are currently not taxable. Second, we made changes to reflect the small portion of fuel consumption made up of gasohol, which is taxed less than gasoline. Finally, we used a range of estimated fuel use to reflect the different values possible in OPEI's original data. As a result, we estimated that yearly motor fuel consumption by such equipment probably ranges between 248 million and 563 million gallons. Given present federal motor fuel excise tax levels,² this translates into a revenue range of between \$21.3 million to \$48.3 million. Such sums would be less than 1/2 of 1 percent of the \$8.95 billion in gasoline and gasohol excise taxes collected in 1986 for the Highway Trust Fund.

NO DATA AVAILABLE ON ACTUAL RESIDENTIAL MOTOR FUEL USE

On the basis of extensive discussions with federal energy and transportation agencies as well as industry sources, we learned that no federal agency maintains data on how much motor fuel is used for residential purposes. While the Department of Energy's Energy Information Administration, as part of its national energy use studies, collects home energy-use data, it does not include gasoline use in its Residential Energy Consumption Survey. And although the Federal Highway Administration (FHWA) develops annual statistics of nonhighway motor fuel use, these statistics address

¹OPEI is a national trade association representing 90 percent of the manufacturers in the United States selling consumer power equipment such as lawn mowers, garden tractors, and tillers. Annual retail sales are more than \$3 billion.

²Either gasoline or gasohol (of no more than 16 percent alcohol) can be used to operate outdoor power equipment. The federal excise tax on gasoline is 9 cents per gallon. The tax on gasohol (that is at least 10 percent ethanol of 190 proof) is 3 cents per gallon.

agriculture, aviation, industrial, commercial, marine, and construction uses--not residential use.

Briggs-Stratton Corporation, a manufacturer of small engines, prepared an estimate of residential gasoline use which was reported in a 1986 study for FHWA.³ This estimate, however, only addressed 4 of the 10 categories of equipment (i.e., walk-behind lawn mowers, lawn tractors and mowers, riding garden tractors, and rototillers). On the basis of the manufacturer's estimate, the FHWA report stated that these four categories of equipment annually consume 287 million gallons of gasoline.

³Off-Highway Use of Gasoline in the United States. Prepared by Oak Ridge National Laboratory for the Office of Highway Information Management, June 1986.

OPEI ESTIMATE IS BEST AVAILABLE

Although not providing data on actual use, OPEI has prepared the most comprehensive estimate of fuel consumed by outdoor power equipment for residential purposes. OPEI's estimate is an indirect computation based on estimates of the total number of equipment types in use, the average hours of use per year, and the average gallons of fuel used per hour.

OPEI's figures for each of these components were obtained from various industry and government sources. OPEI's Director of Statistical and Technical Services told us that although he thinks OPEI's figures are conservative, he said it was difficult to develop more accurate estimates because none of the three components can be accurately measured without a thorough survey of consumer behavior. The Director told us that he had obtained a review of his methodology and estimates from OPEI's Technical Advisory Committee, comprised of 75 manufacturers' officials. Other than recommending some adjustments for equipment used by the government and nonfuel operated equipment, the committee indicated that the estimates were the best that could be made with the available data.

Table 3.1 displays OPEI's 1987 estimates of motor fuel consumption. OPEI did not include attendant federal gasoline taxes in the detailed statistical data it provided to us. Thus, in table 3.1 we have calculated this by using present federal excise tax levels and OPEI's estimated gallons. More discussion of how OPEI developed its gasoline consumption estimate follows the table.

Table 3.1: OPEI's Estimated Annual Motor Fuel Consumed and GAO's Estimated Federal Excise Taxes Paid for Operating Outdoor Power Equipment

<u>Product</u>	<u>Motor fuel consumption</u> (millions of gallons)	<u>Federal gasoline excise tax revenue^a</u> (millions)
Consumer equipment:		
Walk-behind mowers	164.0	\$14.8
Riding mowers/tractors	40.0	3.6
Tillers & snow throwers	53.0	4.8
Chain saws	74.0	6.7
Line trimmers	21.5	1.9
Log splitters	4.5	0.4
Leaf blowers	4.0	0.4
Edger/trimmers	2.5	0.2
Lawn vacuums	1.0	0.1
Shredder/grinders	0.5	Negligible
Commercial lawn-mowing equipment ^b	<u>70.0</u>	<u>6.3</u>
Totals	<u>435.0</u>	<u>\$39.2</u>

^aCalculated by GAO at 9 cents per gallon.

^bBecause OPEI includes these users in its estimates, we include them in the table. However, because of their tax-exempt status (see pp. 16-17), we do not include commercial gasoline use elsewhere in this section.

Source: OPEI (1987).

Units in Existence

Because owners of lawn mowers, chain saws, garden tractors, and other outdoor equipment do not register their units, there is no accurate record of how many products are in use. OPEI made an indirect estimate by comparing manufacturers' annual shipments of each product type with that product's "average lifespan" (which shows how often a unit would be replaced with a new one). To do this, OPEI used the average from the annual shipments for each product type between 1980 and 1986. To determine the average lifespan of each product type, OPEI used available government and manufacturer data. OPEI's Statistical Director said that these figures represent manufacturers' estimates rather than precise use data based on actual consumer experience with the products. Although only estimates, the Consumer Product Safety Commission's program leader for outdoor equipment told us that the lifespans used were reasonable. Table 3.2 shows the estimated products in use developed by OPEI.

Table 3.2: Outdoor Power Equipment Products in Use by Consumers

<u>Product</u>	Average number shipped <u>1980-86</u>	X	Average life <u>span reported</u>	=	Estimated products <u>in use</u>
			(years)		
Walk-behind mowers	4,697,000		5.5		25,833,500
Riding mowers and tractors	937,000		7		6,559,000
Tillers	449,000		9		4,041,000
Snow throwers	505,000		9		4,545,000
Chain saws	1,970,000		6		11,820,000
Edger/trimmers	200,000		5		1,000,000
Shredder/grinders	35,000		5		175,000
Lawn vacuums	75,000		7		525,000
Log splitters	100,000		15		1,500,000
Leaf blowers	400,000		5		2,000,000
Line trimmers	2,000,000		5		10,000,000
Total					<u>67,998,500</u>

Source: OPEI, 1987.

Estimated Hours of Operation

To estimate the consumer's hours of use for the equipment per year, OPEI reviewed several data sources, including industry trade articles and a California study of power equipment air quality effects. The reported estimates for the same equipment showed a wide range. For example, estimated annual hours of use for walk-behind mowers ranged from 19 to 30.4. On the basis of its

literature review and its own information, OPEI prepared use estimates for various equipment. Table 3.3 shows OPEI's estimated hours of use.

Table 3.3: Estimated Annual Hours of Operation
of Outdoor Power Equipment by Type

<u>Product</u>	<u>Estimated hours of operation per year</u>
Consumer equipment:	
Walk-behind mowers	20
Riding mowers	20
Garden tractors	20
Tillers	20
Snow throwers	20
Chain saws	20
Edger/trimmers	8
Shredder/grinders	8
Yard vacuums	8
Log splitters	10
Leaf blowers	7
Line trimmers	7

Source: OPEI, 1987.

Motor Fuel Consumption

According to OPEI's Statistical Director, fuel consumption rates vary between outdoor power equipment, depending on several factors such as age, state of repair, the "load" on the machine, and the speed at which the machine is run. Because there is such variance, OPEI used an average fuel rate of 0.31 of a gallon/hour for each equipment type.

ADJUSTMENTS MADE TO OPEI'S ESTIMATE

Because we did not independently conduct our own survey of actual residential motor fuel use, we have used OPEI's estimates as the basis for our analysis. We reduced OPEI's outdoor equipment estimates to account for nontaxable, off-highway business use by commercial lawn service companies (already exempt from tax but included in OPEI's estimate) and the probable use of gasohol in residential power equipment (which is taxed at only 3 instead of 9 cents a gallon, the gasoline rate). More importantly, as explained below, we decided to report a range of estimated fuel consumption, rather than use a single estimated value as OPEI did, because of widely different values reported by OPEI for some components of its calculations.

Commercial Use is Tax-exempt

OPEI included an estimate for gasoline consumption by commercial lawn services in its estimates. These businesses are exempt from excise taxes because the motor fuel is used for off-highway business purposes. Although no data are collected on how much money is involved, these businesses are entitled to a tax refund or credit on the whole amount they have paid. OPEI included 350,000 commercial lawn equipment units, which used 70 million gallons of gasoline and which would, therefore, generate \$6.3 million in excise taxes at 9 cents per gallon. We assumed that the businesses claimed their credits and refunds. Since, under this assumption, there are no tax revenues being added to the Highway Trust Fund from this fuel consumption, we removed this consumption element from our estimate.

Gasohol Is Taxed Less Than Gasoline

Our excise tax estimate in table 3.1 (p. 13) was based on 9 cents per gallon because OPEI assumed that only gasoline was consumed. However, the national consumption of motor fuels includes 7 percent gasohol (a blend of gasoline and at least 10 percent alcohol), which is taxed at only 3 cents a gallon. We assumed that gasohol is consumed in outdoor power equipment in the same proportion as total national consumption. Accordingly, we adjusted our excise tax estimates by 6 cents a gallon for 7 percent of the total consumption estimated by OPEI. This resulted in a

\$1.5 million reduction in estimated excise taxes if only gasoline was used at 9 cents per gallon.

Range of Estimates Used to Reflect Uncertainty

Finally, we adjusted OPEI's outdoor power equipment consumption estimates to reflect the range of possible values for each of its three computation elements. In our opinion, there is no way to verify that one value is more reliable than another, so we chose to use them all to reflect the uncertainty in the data. As shown in table 3.4, our estimates could vary between 32 percent lower to 54 percent higher than OPEI's estimates, depending upon the values used. The largest variance is found in walk-behind mowers because of disparities between data sources for the annual hours of operation (19 to 30.4 hours) and rate of fuel consumption (0.18 to 0.31 of a gallon per hour). A similar large range between the low and high estimates is found for consumer riding mowers and garden tractors. Annual hours of operation estimates range from 14.5 to 33 hours, and fuel consumption rates vary from 0.30 to 0.60 of a gallon per hour.

Table 3.4: Range of Estimated Nonbusiness Motor
Fuel Consumption by Outdoor Power Equipment

<u>Product</u>	<u>OPEI's estimate^a</u>	<u>GAO Estimate</u>	
		<u>Low</u>	<u>High</u>
----- (thousands of gallons) -----			
Walk-behind mowers	164,000	88,344	265,567
Riding mowers and garden tractors	40,000	28,623	130,284
Log splitters	4,500	3,100	6,200
Chain saws	74,000	45,802	73,284
Tillers	25,054	25,054	30,065
All other equipment ^b	57,679	57,679	57,679
Totals	365,233	248,602	563,049

^aOPEI adjusted disparate data from different sources in calculating annual fuel use by walk-behind mowers, riding mowers/tractors, log splitters, chain saws, and tillers. For example, OPEI used 20 hours per year as its value for annual use (two sources indicated 19 and 30.4 hours, respectively). For fuel consumption rate of walk-behinds, OPEI used 0.31 of a gallon/hour as its value (one source indicated 0.18 of a gallon/hour).

^bBecause OPEI reported only single values, it was not necessary to adjust fuel consumption estimates for snow throwers, edger/trimmers, shredder/grinders, lawn vacuums, leaf blowers, and line trimmers.

Sources: GAO and OPEI, 1987.

After adjusting OPEI's estimates to reflect commercial fuel use and the ranges of consumption estimates, we estimate that residential power equipment use totalled between 248.6 million and 563 million gallons per year. On the basis of this consumption and adjusting for gasohol use, we estimate that associated excise tax

revenue was between \$21.3 million and \$48.3 million. For comparison, an estimated \$8.95 billion was collected from all private and commercial highway users in 1986 (gasohol and gasoline).

SECTION 4

VIEWS OF AGENCY OFFICIALS

We discussed the reliability of the outdoor power equipment gasoline consumption estimates and the merits of using Highway Trust Fund revenues to establish a nongame wildlife conservation trust fund with Treasury, FHWA, and FWS officials. Treasury officials offered no position on the proposal's merits but expressed concern that they not be required to annually estimate the amount of revenue added to the Highway Trust Fund associated with outdoor power equipment gasoline consumption because such estimates are not precisely linked to taxpayer data. Instead, they prefer that the Congress specify the dollar amount to be diverted from the Highway Trust Fund if a nongame trust fund is to be set up with fuel tax receipts. FHWA officials objected to diverting fuel tax receipts from the Highway Trust Fund for nongame conservation on the principle that the Highway Trust Fund should not be expected to subsidize various public programs unrelated to the nation's highways. FWS officials strongly support using these funds for nongame conservation and expect that if the funds become available, they would be used immediately to finance the state-level planning and program development envisioned by the Nongame Act.

DEPARTMENT OF THE TREASURY

The Department of the Treasury is responsible for financially managing the federal government's trust funds, including the Highway Trust Fund. Each year, Treasury is required to estimate an amount to transfer from the general fund to the Highway Trust Fund in proportion to the revenue from motor fuel taxes and the other taxes paid by highway users. This responsibility requires an ongoing process of adjustments since net receipts are affected over time by subsequent tax refunds and credits claimed by taxpayers exempt from the tax.

We discussed with officials in Treasury's Revenue Estimating Division, Office of Tax Analysis, the potential for establishing a nongame wildlife trust fund with a portion of motor fuel tax receipts now going to the Highway Trust Fund. These officials did not raise major criticisms with the estimated values we developed on fuel consumption by residentially used power equipment. But they noted that because the estimated tax receipts are not based on specific taxpayer data, they lack the precision needed if Treasury is expected to calculate how much to divert from the Highway Trust Fund. As a result, the division director and chief analyst stated that it would be better if the Congress set a specific dollar amount (each year or for a period of time) to be transferred from the Highway Trust Fund to a nongame wildlife conservation trust

fund. They said that Treasury should not be required to annually estimate outdoor power equipment fuel use to accomplish this purpose because the methodology for doing so is just not reliable enough.

FEDERAL HIGHWAY ADMINISTRATION

FHWA carries out the highway programs of the federal government, including the Federal Aid Highway Program. This program provides for construction and preservation of the 42,500-mile National System of Interstate and Defense Highways (which is financed at a 90-percent federal, 10-percent state ratio) and the improvement of about 800,000 miles of other primary, secondary, and urban roads (which is generally financed at a 75-25 ratio, respectively). Revenues from the gasoline excise tax and other highway user taxes (on nongasoline motor fuels, trucks, buses, tires, inner tubes, etc.) are deposited into the Highway Trust Fund and are used to meet the federal share of these program costs.

We discussed with officials in FHWA's Office of Policy Development and the Highway Users and Funding Division the potential for diverting \$20 million to \$50 million each year from the Highway Trust Fund to a nongame wildlife conservation trust fund. Regarding the reliability of the estimates for gasoline consumed by outdoor power equipment, the officials noted the general difficulty in precisely estimating nonhighway gasoline use. A 1986 study done for FHWA concluded that such estimates can be off by 50 percent.¹ FHWA officials also agreed with us that OPEI's estimate should be adjusted to reflect those gasoline taxes paid by commercial lawn services operating outdoor power equipment which can obtain refunds and credits for the gasoline taxes they pay.

From a policy standpoint, FHWA officials objected to diverting money from the Highway Trust Fund for nongame conservation since they saw no connection between residential gasoline use and nongame wildlife benefits. They also expressed concern that the Highway Trust Fund has become an all too popular target for subsidizing various causes unrelated to highway construction and maintenance.

¹Off-Highway Use of Gasoline in the United States. Prepared by Oak Ridge National Laboratory for the Office of Highway Information Management, June 1986.

FISH AND WILDLIFE SERVICE

At the Fish and Wildlife Service's Division of Federal Aid, we asked the acting division chief and a wildlife biologist who chaired the 1984 study of nongame funding mechanisms what \$20 million to \$50 million could mean for the 1980 Nongame Act. These officials told us that this money would likely be used immediately by the states to prepare the nongame conservation plans required by the act for the Secretary of the Interior's approval. They noted that the 1980 act imposes a September 30, 1991, deadline for reimbursing the states' costs for preparing plans, although no federal funds have ever been appropriated for this purpose. The wildlife biologist said that the states are very anxious to see federal nongame funding support and he anticipates that several needs, particularly public education about natural systems, will be identified in their planning efforts.

These officials strongly supported the idea of using motor fuel excise taxes from residential outdoor power equipment since it would be a stable and significant funding source, similar to the Pittman-Robertson and Dingell-Johnson programs as discussed in section 1. The wildlife biologist observed that 89 vertebrate species have entered into endangered status since the Nongame Act was passed in 1980. He believes this outcome would have been avoided if federal funds were made available under the act to address the conservation needs of nongame species.

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